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Auth: DDA Memo, 4 Apr 77
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GENERAL

Date: 10 MAR 74 By: [redacted]

1. Imminent Balkan Federation rumored--US Military and Naval Attaches Bucharest transmit "possibly true" reports that a Balkan Federation (comprising Yugoslavia, Bulgaria, Albania, Rumania, and Hungary) will be officially announced at an early date. Most of these reports indicate that Dimitrov will be president, Tito will head the armed forces, and the capital will be in Bucharest.

(CIA Comment: Despite numerous reports of an imminent Balkan Federation which have come from the Satellite states recently, CIA still believes it unlikely that such a Federation is imminent; [redacted])

[redacted] These reports have differed widely concerning such details as the participating countries, the head of the new state, and its location, and consequently appear to be based more on rumor than knowledge of concrete plans. The recurrence of these rumors at this time more probably indicates that the Kremlin has instructed the Communist parties in Eastern Europe to initiate preliminary discussions for the implementation of an economic and political federation. CIA believes that considerable time will elapse before a solution can be found to the complex political, economic, and administrative problems involved in establishing such a federation.)

2. USSR closes Consulate at Los Angeles--The Soviet Ambassador has told the Department of State that the Soviet Vice Consulate in Los Angeles will be closed because Soviet merchant ships are making fewer calls at the port of Los Angeles and that interests formerly served by the Vice Consulate will be taken over by the San Francisco Consulate General.

(CIA Comment: Although few Soviet vessels now call at the Los Angeles port, this Soviet action appears to have been motivated primarily by a desire to weaken the US bargaining position in obtaining the Consulates it seeks in the USSR.)

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EUROPE

3. **FRANCE: French desire inclusion in bizonal consultations**---
According to US Political Adviser Murphy, members of the French delegation in Berlin report Bidault's view that the US and the UK announced the German bizonal merger without adequate consultation with the French, as had been promised by the US, and have thereby presented him with a virtual fait accompli. Bidault has expressed to US Ambassador Caffery an urgent desire for a more sympathetic US consideration of his position, which he claims has been made "well-nigh untenable."

US Embassy London reports that the UK Foreign Office wishes General Clay to hold a joint US-UK meeting with the French delegation in Germany in order to give the latter a face-saving opportunity to express its views on economic proposals connected with the merger. Murphy reports, however, that General Clay has turned down a similar suggestion made by the French delegation.

4. **AUSTRIA: Austrian Government to increase ration level**---
US Commanding General Keyes in Austria reports that the Austrian Government plans, as a political necessity, to raise the normal ration level from 1700 to 1800 calories at the end of March. The Government bases its plan on present indigenous production and expected subsistence shipments under the US foreign aid plan. Keyes considers that retention of the present ration level would postpone the critical food situation anticipated on 23 May by only a few days, and has no objection to the increase.
5. **SPAIN: Vatican prefers Spanish constitutional monarchy**---
Acting US Political Representative Parsons at the Vatican has learned from the British Legation that Vatican Under Secretary of State Tardini has tried unsuccessfully to modify the views of Spanish bishops who feel that Franco is a necessary protection

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to the Church. Parsons reports further that Tardón prefers a constitutional monarchy for Spain rather than a republic because of the danger that the extreme left would out-manoeuvre monarchists and thus gain control.

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